

Message Text

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ORIGIN SNM-05

INFO OCT-01 EUR-12 NEA-10 IO-13 ISO-00 EB-08 AGR-01
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FM SECSTATE WASHDC
TO AMEMBASSY KABUL
INFO AMEMBASSY ISLAMABAD
AMEMBASSY OTTAWA
USMISSION GENEVA

C O N F I D E N T I A L STATE 097126

E.O. 11652: GDS

TAGS: SNAR, AF

SUBJECT: CANADIANS PRESENT AIDE-MEMOIRE ON AFGHANISTAN
AGRICULTURAL PROJECTS

1. CANADIAN EMBASSY ECONOMIC MINISTER LARRY SMITH,
ACCOMPANIED BY PETER HEAP, CALLED ON SENIOR ADVISER MATHEA
FALCO APRIL 10 TO DELIVER AIDE-MEMOIRE ON CANADIAN
AGRICULTURAL PROJECTS IN AFGHANISTAN. THE PAPER WAS A
BASIC REPOSENSE TO AN EARLIER REQUEST FROM MS. FALCO FOR
CLOSER COOPERATION.

2. THE CANADIANS STATED THAT WHILE THERE MAY BE SOME
RISK IN AGRICULTURAL PROJECTS, AFTER SERIOUS CONSIDERATION,
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THE CANADIANS FELT CONFIDENTIAL CLAUSES COULD NOT BE USED
IN ALREADY EXISTING AGREEMENTS. MS. FALCO PRESSED ON
THIS ISSUE STATING WE HAD SIDE LETTERS WITH OUR USAID
AGREEMENTS AND THEY APPEARED TO BE EFFECTIVE. THE CANA-
DIANS AGREED THAT THEY WOULD IN THE FUTURE CONSIDER
ANTI-POPPY CLAUSES ON A CASE-BY-CASE BASIS IF, IN THEIR
OPINION, THERE WAS REASON TO DO SO. MS. FALCO POINTED

OUT THAT WE HAD RECENTLY WITHDRAWN OUR SUPPORT FROM THE DAUG JUI IRRIGATION PROJECT. MS. FALCO THEN ASKED ABOUT THE LARGE PROJECT THE CANADIANS WERE PRESENTLY SPONSORING. MR. SMITH SAID THAT WAS THE KABUL RIVER VALLEY DEVELOPMENT

PLAN AND IT WAS AN ENGINEERING STUDY, A MASTER PLAN, AT A COST OF CANADIAN DOLLARS TWO MILLION. MS. FALCO ASKED ABOUT OTHER AID PROJECTS THE CANADIANS HAD. MR. SMITH SAID THEY HAD NONE IN TURKEY, IN MEXICO NO NARCOTICS PROGRAMS AND IN PAKISTAN NO CLAUSES IN THEIR AGREEMENTS. IN RESPONSE TO THE QUESTION, MR. SMITH SAID CANADIAN RELATIONS WITH LAOS WERE "TENUOUS".

3. IN CLOSING DEPARTMENT OFFICIAL MADE THE FOLLOWING REQUESTS: WHEN AMBASSADOR KARIM PRESENTS HIS CREDENTIALS TO CANADA, WOULD THE CANADIANS CONSIDER RAISING THE NARCOTICS ISSUE VIS-A-VIS AFGHANISTAN; AND WOULD THE CANADIANS PLEASE KEEP US INFORMED OF PROJECTS AND THEIR CONSIDERATION OF SIDE LETTERS ON A CASE-BY-CASE BASIS FOR BOTH AFGHANISTAN AND PAKISTAN. MR. SMITH AGREED TO ALL REQUESTS.

4. COMMENT: THE TONE OF THE MEETING WAS PLEASANT, BUT NONCOMMITTAL. THE CANADIANS APPARENTLY ARE NOT PREPARED TO TAKE A HARD LINE WITH REGARD TO THEIR AID PROJECTS.
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5. TEXT OF AIDE-MEMORIE FOLLOWS. BEGIN TEXT: CANADA STRONGLY SUPPORTS INTERNATIONAL EFFORTS TO RESTRICT THE ILLICIT TRADE IN NARCOTIC DRUGS AND TO LIMIT THE CULTIVATION OF OPIUM POPPIES WHERE SUCH EFFORTS ARE LIKELY TO PROVE EFFECTIVE. IN THIS CONTEXT THE CANADIAN AUTHORITIES HAVE CAREFULLY CONSIDERED PROPOSALS MADE BY THE GOVERNMENT OF THE UNITED STATES FOR THE PURPOSE OF DISCOURAGING THE CULTIVATION OF OPIUM POPPIES IN AFGHANISTAN. CANADA'S VIEWS ARE GOVERNED BY THE FOLLOWING CONSIDERATIONS.

FIRST, IT IS IN GENERAL CONTRARY TO CANADIAN PRACTICE TO USE AID PROJECTS FOR PURPOSES WHICH FALL OUTSIDE THE OBJECTIVE OF CANADA'S DEVELOPMENT ASSISTANCE PROGRAM; THIS PRINCIPLE APPLIES EQUALLY TO THE BILATERAL AND MULTILATERAL FIELDS. SECONDLY, IN PRACTICAL TERMS CANADA HAS RESERVATIONS ABOUT THE EFFECTIVENESS UNDER MOST CIRCUMSTANCES OF THE SPECIFIC ACTIONS PROPOSED BY THE UNITED STATES; THESE RESERVATIONS RELATE TO THE FEASIBILITY OF MONITORING PROJECTS WITHOUT A LARGE NUMBER OF OBSERVERS AND TO ITS ASSESSMENT OF THE IMPACT OF PREVIOUS

PROJECTS IN AFGHANISTAN. IT APPEARS, FOR EXAMPLE, THAT THE FIRST TWO IBRD AGRICULTURAL CREDIT PROJECTS WERE SUCCESSFUL IN INCREASING THE NUMBER OF SMALL LOANS TO POOR FARMERS FROM 44 IN 1970 TO OVER 46,000 IN 1975/76 WITH NO

KNOWN EVIDENCE OF ABUSE OF THE CREDIT. THIRDLY, CANADA DOES NOT BELIEVE THAT ADHERENCE TO ITS EXISTING POLICY WHEN ITS BILATERAL PROGRAM HAS NO DIRECT CONNECTION WITH POPPY CULTIVATION WILL UNDERMINE UNITED STATES EFFORTS TO LIMIT THE CULTIVATION OF OPIUM POPPIES IN AFGHANISTAN.

OUT OF CONCERN FOR UNITED STATES VIEWS, HOWEVER, AND BECAUSE OF THE INCREASED IMPORTANCE OF AFGHANISTAN AS A SOURCE OF ILLICIT DRUGS, CANADA WOULD BE WILLING IN CONFIDENTIAL

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SPECIAL CIRCUMSTANCES TO CONSIDER ADJUSTMENT OF THE TERMS OF FUTURE BILATERAL AID AGREEMENTS WITH AFGHANISTAN ON A CASE-BY-CASE BASIS TO PRECLUDE THE DIVERSION OF DIRECT CANADIAN DEVELOPMENT ASSISTANCE TO POPPY GROWERS, WHERE THIS IS CONSIDERED A REAL DANGER. IN SUCH CIRCUMSTANCES, CANADA MIGHT CHOOSE TO REQUIRE INCLUSION OF A SUPPLEMENTARY AND CONFIDENTIAL PROVISION IN A BILATERAL AID AGREEMENT.

CANADA SHARES THE DEEP CONCERN OF THE UNITED STATES ABOUT THE ILLICIT INTERNATIONAL TRAFFICKING OF NARCOTICS DRUGS AND WILL CONTINUE TO COOPERATE WITH THE UNITED STATES AND OTHER COUNTRIES IN SEEKING TO END THIS ILLEGAL TRADE AND TO RID SOCIETY OF ITS TRAGIC EFFECTS. END TEXT. CHRISTOPHER

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